

Minneapolis Community Development Agency

## Request for City Council Action

Date: August 26, 2002

To: Council Member Lisa Goodman, Community Development Committee  
Council Member Barbara Johnson, Ways and Means/Budget Committee  
Refer to: MCDA Board of Commissioners

Prepared by Wayne Olson, Project Coordinator, Phone 612-673-5090

Approved by Chuck Lutz, MCDA Interim Executive Director \_\_\_\_\_

**Subject: Reallocate \$425,000 from MILES North Washington Industrial Park (NWIP) to MILES Seward South Industrial Park for environmental remediation of Asbestos Containing Materials in Seward Industrial Park**

**Previous Directives:** The MCDA Board approved the land sale to 320, LLC (Pro Floor, Inc.) on March 25, 2002. Prior directives in the late 1980s directed the acquisition, remediation and disposition of the land in Seward South Industrial Park.

**Ward:** 9

**Neighborhood Group Notification:** Seward Business Group and Seward Neighborhood Group have approved the development.

**Consistency with *Building a City That Works*:** Goal 1: Increase the City's economic competitiveness and extend the benefits...Strategy 1: Provide clean, buildable industrial land parcels...

**Comprehensive Plan Compliance:** Complies

**Zoning Code Compliance:** Complies

**Impact on MCDA Budget:** (Check those that apply)

- ☒ No financial impact
- ☐ Action requires an appropriation increase to the MCDA Budget
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☐ Other financial impact (Explain):

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**Living Wage / Business Subsidy:** The developer is in compliance with living wage and business subsidy requirements where they apply.

**Job Linkage:** The developer has signed a job linkage agreement.

**Affirmative Action Compliance:** The Developer is compliant.

**City Council Recommendation:** The Interim Executive Director recommends that the City Council: 1) reallocate \$425,000 from MILES North Washington Industrial Park to MILES Seward South Industrial Park to assist in the remediation and removal of Asbestos Containing Materials in Seward South Industrial Park and 2) forward to MCDA Board of Commissioners for approval and 3) allow for amendment to the redevelopment contract and other exhibits to contract for the funds.

### **Background/Supporting Information**

The land sale approval to 320, LLC to be leased in entirety to Pro Floor, Inc. was approved by the Council on March 25, 2002. At that time, resources from current Seward MILES funding and proceeds from land sale escrow were expected to cover the entire cost of environmental remediation and geotechnical correction. The developer began excavation of the site the week of August 12, and during that time uncovered a foundation from past rail yard infrastructure that contains numerous areas of Asbestos Containing Materials (ACM); finding such a foundation was unanticipated. Therefore, no cleanup funds were identified for this work.

The level of ACM and pervasiveness of the ACM at the site warranted the immediate abatement of exposed ACM, and the site work was halted while staff was able to evaluate the steps to occur. It was determined that to move ahead, additional resources needed to be identified to remediate and dispose of the remaining ACM on site. Failure to completely remove ACM from the site will likely result in MPCA requiring a deed restriction be placed on the property, affecting the feasibility of financing future expansion and reducing the future marketability of the site.

Potential financial sources are severely restricted when evaluated against the timeline required for the developer and the company to relocate to Seward Industrial Park. Grant programs are not commensurate with the timing of redevelopment of the site. However, former activity that has been postponed in North Washington Industrial Park has freed some resources from obligation and may be reallocated within the MILES fund, with council approval, without impact to the Agency's current fiscal environment.

It was determined that the site is undevelopable without the ACM remediation and disposal, and delay of clean up will simply increase future costs to the public sector. It is unlikely that federal or state requirements will change dramatically enough with regard to ACM handling in brownfield scenarios, and therefore will likely delay inevitable costs if policy dictates that industry continue to contribute to the municipal tax base.

This report was prepared by Wayne Olson. For further information please call 673-5090.

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9 13 02 Rpt MILES ACM funding